TradeZero

Options Trading Disclosure

I understand that options trading is highly speculative and contains a high degree of risk and that options trading is not suitable for all investors. I agree that prior to completing the “Options” section of the Account Application I will carefully review and consider my financial situation, risk tolerance and investment objectives. I will only apply for an Options Account if, based on that review, I am fully prepared financially to undertake such risks, withstand any and all losses incurred, including total loss of premium, plus transaction costs. I understand that TradeZero America, Inc reserves the right to terminate or restrict my options trading privileges if it determines that my trading activities or option positions present a risk to TradeZero America, Inc.

A call option gives the option buyer the right but not the obligation to buy the underlying security of the option at the strike price. In contrast, a put option gives the owner the right to sell the underlying security at the strike price. The purchaser of call or a put option risks the cost of the option (premium paid). The seller of a call option, in the case of an assigned covered call, risks the loss of the underlying security and, in the case of an assigned naked call, risks the cost of purchasing the underlying security at prevailing market rates. The seller of a put option risks the cost to pay for the underlying security at strike price which could be significantly higher than market value.

Uncovered Options Disclosure

1. There are special risks associated with uncovered options writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

2. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position and may incur large losses if the value of the underlying instrument increases above the exercise price.

3. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument

4. Uncovered options writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer’s options position, the investor’s broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor’s account without notice to the investor in accordance with the investor’s margin agreement.

5. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.

6. If a secondary market in options were to become unavailable, investors could not engage in closing transactions and an options writer would remain obligated until expiration or assignment.

7. The writer of an American-style option is subject to being assigned anytime after he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.

8. More information about uncovered options sales is available in the chapter entitled “Risks of Options Writers” contained in the “Characteristics and Risks of Standardized Options” document. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.